

INSTRUCTIONS

PAYROLL

INCLUDE wages*, salaries, commissions, cash payments to subcontractors, bonuses, vacation, holiday and sick pay, straight pay for overtime hours, market value of lodging provided, market value of gifts and all other substitutes for money. DO NOT INCLUDE:

- * Overtime pay in excess of straight pay for the employee. Put the overtime excess payroll in the box marked "Overtime Excess".
- * Payroll of owner of Sole Proprietorship; or husband & wife Employer if joint ownership in NOT a corporation or partnership.
- * Payroll for corporate officers, partners, or members of LLC if specifically EXCLUDED BY ENDORSEMENT to the policy.
- * Wages of subcontractors that provide you with a valid license if required and a valid Certificate of Workers' Compensation coverage.
- * Tips for restaurant or tavern employees.

If you have no payroll for the reporting period - DO NOT leave blank. Write NONE on each page, sign and return ALL pages. Make a copy of each page of the payroll report for your records before mailing the original to the State Fund.

INTERIM RATE

The RATE listed on the payroll report is an adjustment to State Fund base rates and already includes the competitive rating credits/debits which apply to your policy. This rate may include an Estimate Premium Discount which is based on an estimate of your payroll/premium for the policy. Your final bill will use State Fund base rates, apply competitive rating credits/debits, and calculate a Final Premium Discount for your policy. If ESTIMATED PAYROLL differs from actual payroll, the Final Premium Discount can change at FINAL billing, and may result in premium due or a refund.

CALCULATING PREMIUM

To calculate premium due for each classification, multiply the payroll times the rate and divide by 100. The rate for each classification is applied to every \$100 in payroll, so dividing by 100 will result in the correct premium due for each classification. (Except for per capita rates.)

EXPERIENCE MODIFICATION

If the Workers' Compensation Insurance Rating Bureau issued an experience modification (XMOD) for your policy (must meet and maintain 3 year premium threshold), you should have been notified by an endorsement. The XMOD will appear in the Experience Modification section of the payroll report. Please multiply the XMOD by the gross premium amount to calculate total premium due for the reporting period.

ENCLOSE PAYMENT

Premium payment is due with the payroll report. Do not separate the payroll report at the perforation. Send all completed pages in the envelope with payment. Please do NOT use highlighter pen on the form.

EXECUTIVE OFFICERS/PARTNERS/MEMBERS of LLC

UNLESS SPECIFICALLY EXCLUDED by endorsement, officers or partners are covered for benefits. Payroll should be reported, subject to minimum and maximum remuneration per annum for each officer or partner. The minimum and maximum payroll amounts for most recent years are as follows:

<u>Policy Year</u>	<u>Minimum Payroll</u>	<u>Maximum Payroll</u>
2001	\$26,000	\$74,100
2002	\$27,300	\$76,700
2003	\$28,600	\$79,300

CONSTRUCTION CLASSIFICATION BY WAGE LEVEL

Certain construction classes are divided into two codes depending on the regular hourly wage paid to an employee. Report payroll according to the wage level indicated on the front of this report. The wage thresholds may change from year to year and are subject to verification at time of audit.

CONTRACT WORKERS

To exclude contract workers from reported payroll, a valid license (when required) and a valid Certificate of Workers' Compensation coverage MUST be available and shown to auditors (when audited) to avoid premium charges. Contact your District Office if you have questions about contractor/employee status.

CHANGES IN OPERATION

ANY CHANGE in operation MUST be reported in writing to the local District Office immediately. Any handwritten addition of a classification, including 8810-Clerical and 8742-Outside Sales, must be approved and endorsed on your policy by the District Office before the payroll report can be processed and the classification allowed. To request a new classification, a change in operations, change in ownership, or other changes such as officers, location, etc., contact our local State Fund District Office listed below:

Bakersfield	(661) 664-4000	Redding	(530) 223-7135	San Jose	(408) 363-7600
Eureka	(707) 443-9721	Riverside	(909) 656-8300	Santa Ana	(714) 565-5000
Fresno	(559) 433-2600	Sacramento	(916) 924-5072	Santa Rosa	(707) 573-6400
Los Angeles	(877) 405-4545	San Bernardino	(909) 384-4500	So. Orange	(714) 347-5445
Oakland	(510) 577-3000	San Diego	(858) 552-7000	Stockton	(209) 476-2600
Oxnard	(805) 988-5200	San Francisco	(415) 974-8100		

DO NOT send correspondence in the same envelope as your payroll report. If you have changes, questions, or need another copy, contact your local District Office.